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STATINTL This was provided to [REDACTED] at his request as background for preparation of Briefing for Congress on CIA budget.

STATINTL

[REDACTED]
Jay: This is the finished copy of the draft
I gave you yesterday.

STATINTL

15/ [REDACTED]
William N. Morell, Jr.
Director
Research and Reports

8 February 1967

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Examples of OER Intelligence Production

1. There continues to be a sharp increase in direct economic and military-economic intelligence support to US policymakers. In addition, individual reports are being tailored more and more precisely to focus on questions of current importance to decision-makers. A comparison of responses to specific requests from outside the Agency in 1965 and 1966 is included below. This may be useful as a part of the graphic presentation.

	<u>1965</u>	<u>1966</u>
White House	6	29
Congress	14	29
State	80	149
Defense	28	37
NASA	6	2
ACDA	11	9
Other Federal Agencies	12	15

In addition, hundreds of short intelligence production items were provided in support of US and trade control programs.

2. Economic intelligence has provided definitive reports on the effects of bomb damage on installations and on lines of communication in Vietnam. In addition, very detailed studies have been prepared on such subjects as the damage to petroleum storage facilities and the capability of the North Vietnamese to offset these losses. We have completed research papers of considerable depth covering the logistic capabilities and logistic requirements of the Viet Cong and North Vietnamese forces and the ability of the enemy to adjust to bomb damage against their lines of communication. This has included analyses of the movement of supplies from Cambodia and the infiltration of supplies by sea, as well as the major deliveries along the Ho Chi Minh trail through Laos. We have also had under continuing examination Free World and Communist shipping into North Vietnam, and have reported the Free World shipping on a regular basis to the Department of State in connection with its responsibilities for administering shipping legislation related to this area. Reports on all of the foregoing subjects have been provided in response to requests from the highest officials in the Government including Secretary McNamara, the Secretary of State, and the President. [redacted] may be able to provide you with a suitable graphic as part of the cosmetics for this part of the briefing.)

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3. The Zambia/Rhodesia crisis, the conflict with the Republic of South Africa over the South-West Africa territory, and the recent dispute between the Belgian firm, Union Miniere, and the Congolese government have prompted numerous studies and reports by our African economic specialists. These specialists have been working closely with Department of State policy officials, and during the Zambia/Rhodesia crisis provided the most definitive reports available in Government on the effects of economic sanctions against Rhodesia and the consequences of Rhodesia's applying countermeasures against Zambia. Our economic intelligence findings were relied on very heavily in the discussions of the Senior Interdepartmental Group. (Do we advise the Congress of matters under discussion in the SIG?) The only comprehensive research study of recent vintage available within the Government on the effect of sanctions against the Union of South Africa was prepared in CIA. Most recently our African analysts have provided an examination of some of the probable consequences of the break between the Congolese government and Union Miniere.

4. A number of economic intelligence papers were provided during the year in support of US policy toward Indonesia. At the request of Vice President Humphrey and the Department of State, we published the most comprehensive report available on Indonesia's dependence on Communist military assistance. We also provided studies on Indonesia's foreign debt problems, enabling policy officials to keep abreast of Soviet attitudes toward Indonesia's sizeable debt to the USSR and provided vital background material on specific aspects of Indonesia's economic situation which has been commended by State Department officials as being of great use to US participants negotiating with other Western creditors on the rescheduling of Indonesia's debt.

5. At the request of the Under Secretary of State for Political Affairs, Eugene Rostow, we conducted a searching examination of the impact of Free World trade controls on the USSR and Eastern European countries. This was an extension of major contributions made earlier to the President's Miller Committee and relates to other studies currently being prepared in connection with the President's East-West trade policy.

6. Our economic intelligence analysis of the Soviet-Fiat negotiations provided the State Department, the White House, and the Congress with their most comprehensive understanding of the significance of this deal and was invaluable in connection with policy considerations surrounding the Export-Import Bank loan. This

support was originally provided in response to a request from the Department of State in connection with discussions in the Senior Interdepartmental Group. One of the most basic reports in this series was provided to members of the House Banking and Currency Committee. (Check this with [redacted])

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Distribution:

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Orig. & 1 - DDI Planning Officer [redacted]

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